

United States Senate

WASHINGTON, DC 20510

July 13, 2009

The Honorable Gene L. Dodaro
Acting Comptroller General of the United States
United States Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Dodaro,

We are writing to request that the Government Accountability Office conduct an investigation into the material condition of the U.S. Navy's four naval shipyards.

Admiral Gary Roughead, the Chief of Naval Operations, described a worrisome trend in the state of the Navy's shore readiness during his recent testimony on the fiscal year 2010 Department of the Navy Posture before the Senate Committee on Armed Services. He said:

"For years, increased operational demand, rising manpower costs, and an aging fleet have led our Navy to underfund shore readiness and, instead, invest in our people, afloat readiness, and future force structure. As a result, maintenance and recapitalization requirements have grown, and the cost of ownership for our shore infrastructure has increased. At current investment levels, our *future shore readiness*, particularly recapitalization of our facilities infrastructure, *is at risk*."

The Navy documented the full dimension of this growing problem in January with its acknowledgement that it has a \$28 *billion* backlog in shore facility restoration and modernization. This backlog includes necessary projects to repair or modernize taxiways, high-explosive magazines, hangar roofs, piers, waterfront-support buildings, galleys, and other facilities. Of special note, the Navy has reported a sizeable growth in the funding backlog at its four naval shipyards for necessary sustainment, restoration, and modernization (SRM) projects.

Last November, the Navy said this backlog was \$791 million. Last month, the Navy reported the shortfall had grown to \$1.3 billion, broken out as follows:

- Puget Sound Naval Shipyard: \$327.2 million
- Norfolk Naval Shipyard: \$450.6 million
- Pearl Harbor Naval Shipyard: \$312.6 million
- Portsmouth Naval Shipyard: \$206.4 million

The Navy's four public shipyards play an essential role in enabling the fleet's operational availability and mission success. They provide the Navy with a core ability to perform ship depot- and intermediate-level maintenance on nuclear-powered and conventionally powered ships, modernization, emergency repairs, and ship inactivations.

Any degradation in the shipyards' physical plant and equipment is cause for concern. Of note, the Naval Sea Systems Command's *Naval Shipyard Business Plan for 2009* states an assumption that strategic investments must be sustained to foster shipyard modernization. The plan states, "The naval shipyards are key infrastructures, vital to our national security, which we need to maintain in top condition." We recognize that the Navy faces many challenges in maintaining its last four naval shipyards in "top condition." They were built in the 19th and 20th centuries with designs not suited for today's "lean-ship" maintenance. Plant infrastructure reflects the inevitable deterioration resulting from inadequate recapitalization spanning many decades of vital fleet support.

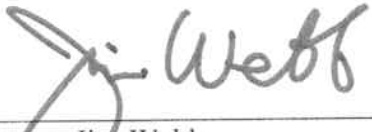
To their credit, each yard's management and highly skilled workforce have effectively applied Lean Six Sigma and other continuous-process improvement initiatives to eliminate waste, improve productivity, and foster an empowered atmosphere to capture beneficial suggestions from the plant floor. The shipyards' safety programs are also exemplary. The yards were the only Department of Defense industrial facilities to achieve the Occupational Safety and Health Administration's highest level of achievement.

Owing to our concerns with current adverse trends in Navy shore readiness, we request that the Government Accountability Office investigate each shipyard's material condition, with the review to include findings and recommendations relating to:

- (1) Material Condition: An industrial assessment of the condition of each yard's infrastructure, facilities, and equipment and the degree to which they are being maintained to ensure the yard's long-term ability to perform ship maintenance, repair, and inactivations safely and efficiently at high levels of productivity; this area also should assess the degree to which the Department of the Navy has complied with the statutory requirement to provide a core logistics capability to ensure a ready and controlled source of technical competence and resources as required by Title 10 USC, Section 2464.
- (2) Infrastructure Modernization Planning: Current plans for modernization through military construction, SRM projects, and capital investment in industrial equipment;
- (3) Infrastructure Investment: The adequacy of past, current, and projected funding investments in maintaining the shipyards in "top condition" through military construction, SRM, and capital investment; this review also should assess the Department of the Navy's compliance with the statutory requirement for an annual reinvestment at a minimum of 6 percent of the average combined workload funded over the preceding three fiscal years as required by Title 10 U.S. Code, Section 2476; and
- (4) Workforce: The impact that any existing degradations in the yard's material condition are having on workforce safety, performance, retention, and morale.

Thank you for your consideration of this request.

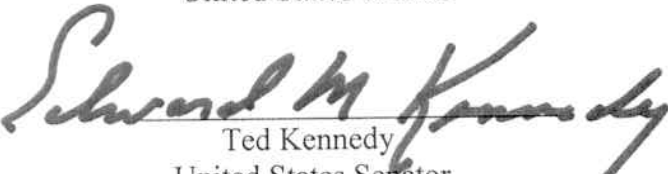
Sincerely,



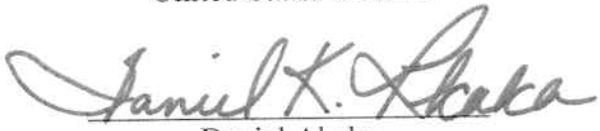
Jim Webb
United States Senator



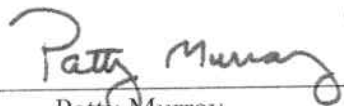
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